

UNIVERSITY OF CALICUT
SCHOOL OF DISTANCE EDUCATION

B Com/BBA (2011 Admn. Onwards)

II SEMESTER

CORE COURSE - FINANCIAL ACCOUNTING

QUESTION BANK

- 1) Outstanding expenditure is a _____ account.
 - a) Nominal
 - b) Personnel
 - c) Real
 - d) Current
- 2) _____ deals with the depreciation account.
 - a) AS4
 - b) AS6
 - c) AS10
 - d) AS13
- 3) According to which concept, proprietor of a business is treated as a creditors to the extent of his capital
 - a) Money measurement
 - b) Cost
 - c) Dual aspect
 - d) Business entity
- 4) Net worth of business means
 - a) Total assets
 - b) Fixed assets – current assets.
 - c) Equity capital
 - d) Total assets – total liabilities
- 5) The policy of anticipate no profit and provide for all possible losses arises due to
 - a) Convention of consistency
 - b) Convention of conservatism
 - c) Convention of materiality
 - d) Convention of full disclosure
- 6) Capital account is a
 - a) Fictitious account
 - b) Personal account
 - c) Liability account
 - d) Nominal account
- 7) Revenue is generally recognized as being earned at the point of time
 - a) Sale is effected
 - b) Cash is effected
 - c) Production is completed
 - d) All of the above
- 8) The fundamental accounting equation Assets = liabilities is the formal expression of
 - a) Matching concept
 - b) Entity concept
 - c) Going concern concept
 - d) Dual aspect concept

- 9) Depreciation is
 - a) An accounting necessity only
 - b) Tax necessity only
 - c) Tax and accounting necessity
 - d) Tax, account and audit necessity
- 10) 'Every debit has a corresponding credit' it is the concept of
 - a) Incomplete records
 - b) Cost sheets
 - c) Single entry system
 - d) Double entry system
- 11) Bank loan account is a _____
 - a) Real account
 - b) Nominal account
 - c) Personal account
 - d) Current account
- 12) The process of recording transactions in a journal is known as _____
 - a) Journalizing
 - b) Journal
 - c) Posting
 - d) Journal entry
- 13) Accounting records transactions in term of
 - a) Commodity units
 - b) Production units
 - c) Monetary units
 - d) Expense units
- 14) Income received in advance by a business units is
 - a) A liability
 - b) An assets
 - c) A loss
 - d) Gain
- 15) Expenditure incurred by a publisher for acquiring copyright is a.
 - a) Deferred revenue expenditure
 - b) Capital expenditure
 - c) Revenue expenditure
 - d) Assets
- 16) Loss of cash by theft committed by cashier after business hours is a
 - a) Revenue loss
 - b) Deferred revenue loss
 - c) Capital loss
 - d) Business loss
- 17) An expenditure incurred to derive long term advantage is
 - a) Revenue expenditure
 - b) Expense
 - c) Capital expenditure
 - d) Deferred capital expenditure
- 18) In accounting only _____ discount is recorded
 - a) Trade
 - b) Cash
 - c) Real
 - d) None of these
- 19) Debit balance of all personal accounts are collectively called
 - a) Sundry creditors
 - b) Sundry debtors
 - c) Personal account balance
 - d) Total of personal accounts

- 20) Discount on issue of share is
- a) Capital loss
 - b) Revenue loss
 - c) Capital expenditure
 - d) Revenue expenditure
- 21) Trial balance will detect
- a) Errors of commission
 - b) Errors of omission
 - c) Errors of principle
 - d) Compensating errors
- 22) Machinery purchased on account is recorded in
- a) Journal
 - b) Ledger
 - c) Purchase book
 - d) Cash book
- 23) The error disclosed by Trial Balance is
- a) Wrong amount posted in ledger account
 - b) Error of principle
 - c) Non- recording of a transaction in the books of original entry
 - d) Errors of omission
- 24) Cash discount is allowed by
- a) Wholesaler
 - b) Debtor
 - c) Creditor
 - d) Retailer
- 25) Rent prepaid is
- a) Assets
 - b) Liability
 - c) Income
 - d) Expense
- 26) Closing stock given in the trial balance will be taken to
- a) P&L account only
 - b) Income and expenditure account only
 - c) Trading account only
 - d) Balance sheet only
- 27) Sale of grass in the case of a sports club is
- a) An assets
 - b) Revenue receipt
 - c) Capital receipt
 - d) Income
- 28) In income & Expenditure accounts, we record
- a) Items of capital nature alone
 - b) Items of revenue nature alone
 - c) Both
 - d) Items of expenditure
- 29) Double entry system was propounded by
- a) Chanakya
 - b) Lee
 - c) Confucius
 - d) Luca Pacioli
- 30) Fixed assets purchased on hire purchased on hire purchase terms are recorded at
- a) Net realization value
 - b) Cash value
 - c) Hire purchase price
 - d) Cost price

- 31) Treatment of capital expenditure as revenue expenditure is
- a) Errors of principle
 - b) Compensating errors
 - c) Errors of commission
 - d) Errors of omission
- 32) In non – profit organizations excess of assets over liabilities is called
- a) Capital block
 - b) General fund
 - c) Shareholders fund
 - d) Capital
- 33) Collection of all accounts us called
- a) Trial balance
 - b) Journal
 - c) Ledger
 - d) Cash book
- 34) Source document for sales returns
- a) Debit note
 - b) Credit note
 - c) Source note
 - d) Journal
- 35) Petty cash book is prepaid under _____ system
- a) Cash
 - b) Imprest
 - c) Credit
 - d) Mercantile
- 36) Special journal is also called
- a) Journal proper
 - b) Subsidiary books
 - c) Original books
 - d) Ledger
- 37) Gross assets – liabilities will be equal to
- a) Net assets
 - b) Total assets
 - c) Capital
 - d) Net liabilities
- 38) Purchase ledger contains the accounts of
- a) Debtors
 - b) Creditors
 - c) Total purchase
 - d) All the above
- 39) Allowance made for prompt payment is called
- a) Cash allowance
 - b) Cash discount
 - c) Trade discount
 - d) Discount
- 40) Sales ledger contains accounts of
- a) Suppliers
 - b) Customers
 - c) Total sales
 - d) All the above
- 41) Credit note is sent by
- a) Seller
 - b) Customer
 - c) Buyer
 - d) Borrower

- 42) Total sales book indicates
- a) Total credit sales
 - b) Total cash sales
 - c) Total sales
 - d) All the above
- 43) Total sales made during a year is found out from the
- a) Sales book
 - b) Sales account
 - c) Total sales book
 - d) All the above
- 44) Sales return account is a _____ account
- a) Personal
 - b) Nominal
 - c) Real
 - d) Current
- 45) Debit note is prepared in connection with
- a) Sales return
 - b) Purchase return
 - c) Sales
 - d) Purchase
- 46) Goods sold on credit will be entered in the
- a) Sales account
 - b) Sales book
 - c) Customers account
 - d) Creditors account
- 47) Cash purchase of fixed asset is entered in the
- a) Purchase book
 - b) General ledger
 - c) Cashbook
 - d) Purchase account
- 48) Normally value of closing stock _____ in the trial balance
- a) Appears
 - b) Does not appear
 - c) May or may not appear
 - d) Sometime appear
- 49) Cost of goods sold plus selling expenses equals
- a) Cost of production
 - b) Gross profit
 - c) Sales
 - d) Cost of sales
- 50) Trading account is a _____ account
- a) Personal
 - b) Real
 - c) Nominal
 - d) Expenses
- 51) $\frac{1}{6}$ profit on sales means _____ on cost
- a) $\frac{1}{6}$
 - b) $\frac{1}{5}$
 - c) $\frac{1}{4}$
 - d) $\frac{1}{3}$
- 52) In sole trader balance sheet asset are arranged in the order of
- a) Liquidity
 - b) Permanence
 - c) Transferability
 - d) All the above

- 53) _____ is an expenditure which does not bring any benefit to the concern
- a) Revenue expenditure
 - b) Capital expenditure
 - c) Deferred revenue expenditure
 - d) Loss
- 54) Asset which reduce is value, on use, but are not replaced is called
- a) Contingent assets
 - b) Fictitious assets
 - c) Intangible assets
 - d) Wasting assets
- 55) Unearned income is a
- a) Liability
 - b) Asset
 - c) Expense
 - d) Income
- 56) Prepaid expenses are _____ account
- a) Nominal
 - b) Personal
 - c) Personal account without name
 - d) Real
- 57) Unexpired expenses is a _____
- a) Liability
 - b) Asset
 - c) Income
 - d) Expenditure
- 58) Transactions of a general nature which occur frequently are first recorded in the
- a) General ledger
 - b) Special journal
 - c) Cashbook
 - d) Subsidiary book
- 59) Income and expenditure account is the _____ account of a non trading concern
- a) Balance sheet
 - b) P & L account
 - c) Ledger
 - d) General
- 60) Receipts and payment account contains
- a) Only receipts and payment of current year
 - b) All receipts and payments
 - c) Income and expenditure
 - d) All the above
- 61) Balance of receipts and payments account represents
- a) Cash in hand or at bank
 - b) Surplus
 - c) Deficit
 - d) Reserve
- 62) Income and expenditure account is a _____
- a) Real
 - b) Nominal
 - c) Personal
 - d) None of these
- 63) Any profit on sale of a cricket bat of a club will be taken to _____
- a) Income and expenditure(credits side)
 - b) Income and expenditure debit side
 - c) Balance sheet assets side
 - d) Balance sheet liability side

- 64) Educational institutions are
- Profit organizations
 - Non profit organizations
 - Wealth organization
 - Social organization
- 65) Non profit organizations trial balance shows
- Debit
 - Credit
 - Equal balance
 - Suspense account
- 66) Receipts and payment accounts, I & E account and balance sheet are the financial statement of
- Company
 - Partnership firm
 - Sole trader concern
 - Nonprofit organization
- 67) Purchase of assets are entered in nonprofit organization's book is called
- Stock register
 - Purchase register
 - Asset register
 - Cash register
- 68) Receipts and payment account is a _____ account
- Personal
 - Real
 - Nominal
 - General
- 69) In a non profit organizations cashbook shows _____ in its debit side
- Assets
 - Liabilities
 - Receipts
 - Payment
- 70) Receipts and payment account begins with opening balance of
- Receipts
 - Payments
 - Creditors
 - Cash
- 71) Receipts and payment accounts includes all receipts and payments of
- Capital nature
 - Revenue nature
 - Cash nature
 - None of these
- 72) Receipts and payment accounts records all receipts and payments of
- Current year
 - Previous year
 - Subsequent year
 - All of these
- 73) While preparing the final a accounts of non trading concerns where do you show receipts and payments of special nature
- Balance sheet
 - P & L account
 - I & E account
 - R & P account
- 74) What does the balance of income and expenditure account shows
- Cash
 - Debit or credit
 - Profit or loss
 - Surplus or deficit

- 75) Donation of Rs 1000 is
- a) Income
 - b) Capital
 - c) Liability
 - d) Asset
- 76) Specific donation of Rs 1000 is
- a) Income
 - b) Capital
 - c) Liability
 - d) Asset
- 77) Donation which is given as per will is known as
- a) Special donation
 - b) Gift
 - c) Legacy
 - d) Secret donation
- 78) Loss on sale of asset is taken to
- a) Receipts and payments account
 - b) Income and expenditure account
 - c) Balance sheet
 - d) Trial balance
- 79) Honorarium is taken to
- a) Receipts and payment account
 - b) Income and expenditure account
 - c) Balance sheet
 - d) Trial balance
- 80) Honorarium is
- a) Revenue income
 - b) Capital income
 - c) Revenue expenditure
 - d) Capital expenditure
- 81) Sales of grass in the case of a sports club is
- a) A capital receipts
 - b) A revenue receipts
 - c) An asset
 - d) A liability
- 82) Life membership fees received by a club is treated as
- a) Revenue receipts
 - b) Capital receipts
 - c) Assets
 - d) Special receipts
- 83) The system of keeping incomplete record is termed as
- a) Double entry system
 - b) Original entry system
 - c) Single entry system
 - d) journal entry system
- 84) The trial balance of the accounts of incomplete records shows
- a) debit balance
 - b) credit balance
 - c) equal balance
 - d) none of these
- 85) Opening statement of affairs is prepared to find out
- a) opening capital
 - b) opening profit
 - c) opening assets
 - d) opening liability

- 86) In capital comparison method gross profit=
- a) excess of opening capital over closing capital
 - b) excess of closing capital over opening capital
 - c) excess of sales over purchase
 - d) excess of income over expenditure
- 87) Incomplete records are maintained usually by a
- a) company
 - b) government
 - c) sole trader
 - d) partnership firm
- 88) Creditors account is prepared to ascertain
- a) cash purchases
 - b) cash sales
 - c) credit sales
 - d) credit purchases
- 89) To find out credit sales which account should be prepared
- a) debtors account
 - b) creditors account
 - c) sales account
 - d) purchases account
- 90) Cash paid to creditors + closing creditors – opening creditors =
- a) total purchase
 - b) cash purchase
 - c) credit purchases
 - d) total debtors
- 91) Bills receivable as endorsed is debited to
- a) creditors account
 - b) bills receivable account
 - c) debtors account
 - d) bills payable account
- 92) Bills payable honored during the year will be debited to _____
- a) cash account
 - b) bills payable
 - c) bills receivable
 - d) creditors
- 93) Cash paid to creditors can be calculated from
- a) debtors account
 - b) creditors account
 - c) bills receivable account
 - d) bills payable account
- 94) Bills payable dishonored during the year will be credited to
- a) bills payable
 - b) creditors
 - c) bills receivable
 - d) debtors
- 95) Rent and rates are apportioned to different departments on the basis of
- a) floor area occupied
 - b) no of workers
 - c) sales of each dept
 - d) value of the assets kept
- 96) The turn over ratio is used for the allocation of
- a) income tax
 - b) bad debts
 - c) depreciation
 - d) staff welfare expenses

- 97) Provision for unrealized profit with respect to stock when transfers are affected at transfer price is to be charged to
- dept trading account
 - dept profit and loss account
 - either a or b
 - general profit and loss account
- 98) Branch account under debtors system is a _____ account
- real
 - nominal
 - personal
 - representative personal
- 99) Branch account under stock and debtors system is a _____ account
- real
 - nominal
 - personal
 - representative personal
- 100) When branch A sent goods to branch B in the books of branch A debit is given to
- head office account
 - branch B account
 - sales returns account
 - purchase returns account
- 101) Goods sent by the head office to the branch but not received by the branch before the close of financial year are credited by head office to
- branch account
 - trading account
 - goods sent to branch account
 - goods in transit account
- 102) When a branch purchases fixed assets and the assets account is to be kept in the books of the head office, the branch makes the following entry
- debits head office credits bank
 - debits branch credits head office
 - debits head office credits branch asset
 - debit branch assets credit banks
- 103) Depreciation on branch assets under debtors system is
- not shown separately in branch account
 - shown in branch account
 - not accounted
 - shown in the profit and loss account of head office
- 104) Stock reserve in relation to closing stock appears
- on the debit side of branch account
 - on the credit side of branch account
 - on the debit side of profit and loss account
 - on the credit side of profit and loss account
- 105) Branch adjustment account is in the nature of _____
- nominal
 - personal
 - real
 - none of these
- 106) Cash remitted by branch but not received by the head office is debited by the head office to _____
- goods in transit
 - cash in transit
 - branch account
 - head office account

- 107) Goods sent by branch X to branch Y will be debited to _____
- a) branch Y
 - b) branch X
 - c) head office
 - d) goods sent account
- 108) Under hire purchase system depreciation is charged:
- a) on cash price
 - b) hire purchase price
 - c) market price
 - d) none of these
- 109) Hirer charges depreciation on
- a) hire purchase price
 - b) cash price
 - c) lower of the two
 - d) none of these
- 110) What is transferred to hirer under hire purchase system
- a) ownership of asset
 - b) possession of assets
 - c) ownership and possession of asset
 - d) none of these
- 111) Hire purchase act is
- a) 1932
 - b) 1956
 - c) 1972
 - d) 1872
- 112) The sale of goods act is applicable in
- a) Credit purchase
 - b) Cash purchases
 - c) Cash sales
 - d) None of these
- 113) What is transferred to hirer under installment payment system
- a) Ownership of assets
 - b) Possession of assets
 - c) ownership and possession of asset
 - d) none of these
- 114) Which account is prepared to find out the amount of closing stock
- a) head office account
 - b) branch account
 - c) memorandum stock account
 - d) none of these
- 115) In foreign branch fixed asset shall be converted at
- a) opening rate
 - b) average rate
 - c) rate of the date of purchase
 - d) none of these
- 116) By what rate the balance of head office account is converted in foreign branch
- a) opening rate
 - b) closing rate
 - c) average rate
 - d) none of these
- 117) Excess of asset over liability is called
- a) creditors
 - b) profit
 - c) capital
 - d) goodwill

- 118) Following records are made in single entry system , give correct answer
- a) only in cashbook
 - b) in ledger, posting of personal accounts only
 - c) records in cashbook and posting of only personal accounts in ledger
 - d) none of these
- 119) Meaning of single entry system of book keeping is
- a) only one entry for each transaction
 - b) incomplete double entry system
 - c) both entries only in accounts
 - d) none of these
- 120) Single entry system of book keeping system
- a) is best system
 - b) is scientific system
 - c) is incomplete system
 - d) is most popular system
- 121) The liabilities and assets respectively are rs 87000 and rs 92000.amount of difference will be
- a) creditors
 - b) debentures
 - c) capital
 - d) none of these
- 122) To find out the opening and closing capitals statement of affairs are prepared
- a) one
 - b) two
 - c) three
 - d) four
- 123) In which book the transactions are recorded originally
- a) cashbook
 - b) balance sheet
 - c) journal
 - d) subsidiary book
- 124) Floating asset is known as
- a) fixed asset
 - b) current assets
 - c) non current assets
 - d) long term asset
- 125) As per the cost of concept an asset is recorded at its
- a) market cost
 - b) actual cost
 - c) normal cost
 - d) purchase cost
- 126) The business will continue to operate for an indefinitely long period in the future, unless there is a good evidence to the contrary this assumption is related to
- a) cost concept
 - b) dual aspect concept
 - c) matching concept
 - d) none of these
- 127) Which book the work classification is done
- a) trial balance
 - b) ledger
 - c) balance sheet
 - d) Journal
- 128) A person who owes money to the firm is called
- a) Debtors
 - b) Creditors
 - c) Owners
 - d) Bankers

- 129) Debit the losses and expenses and credit the gain and income is applicable to _____
- a) Personal account
 - b) Real account
 - c) Nominal account
 - d) Owners account
- 130) Trade mark account is
- a) Real account
 - b) Personal account
 - c) Nominal account
 - d) Non personal account
- 131) Goodwill is a
- a) Personal account
 - b) Nominal account
 - c) Real account
 - d) Non personal account
- 132) Purchase goods from ram this is a
- a) Cash purchase
 - b) Credit purchase
 - c) Partly cash purchase
 - d) Bulk purchase
- 133) Sold machinery worth Rs 10000 to Ramesh.it is entered in the
- a) Sales account
 - b) Cash account
 - c) Sales return account
 - d) Machinery account
- 134) Return outwards book is known as
- a) Purchase return journal
 - b) Sales return book
 - c) Purchase from outsiders
 - d) Return inwards
- 135) Debt notice prepared by the purchase of goods when _____
- a) He return the goods
 - b) He purchases the goods
 - c) He purchases For credit
 - d) He purchases for cash
- 136) _____ from the source document for sales returns
- a) Credit note
 - b) Debit note
 - c) Sales note
 - d) Sales return note
- 137) A cashbook which contain only one column is
- a) Double column cashbook
 - b) Three column cashbook
 - c) Simple cashbook
 - d) Petty cashbook
- 138) Entries come both on the debit side and credit side of cashbook called
- a) Dual entries
 - b) Contra entries
 - c) Double column entries
 - d) Cash entries
- 139) In cashbooks "C" means
- a) Cash
 - b) Column
 - c) Credit
 - d) Contra

- 140) Three column cashbook contains
- a) Cash ,credit ,bank
 - b) Cash, discount, bank
 - c) Cash, petty cash, expenses
 - d) Cash, bank, income
- 141) Small payments are entered in
- a) Simple cashbook
 - b) Petty cash book]
 - c) Double column cashbook
 - d) Three column cashbook
- 142) Imprest system is used in
- a) Petty cashbook
 - b) Simple cashbook
 - c) Double column cashbook
 - d) Three column cashbook
- 143) An error which violates the fundamentals of book keeping is called
- a) Errors of omission
 - b) Errors of amount in original book
 - c) Compensating error
 - d) Error of principle
- 144) Which error does not affect the trial balance
- a) Errors of omission
 - b) Errors of amount in original book
 - c) Compensating error
 - d) Error of principle
- 145) The account to which the difference in the trial balance is temporarily placed , so that the trial balance is made totally, such an account is called
- a) Customers account
 - b) Suspense account
 - c) Bank account
 - d) Capital account
- 146) Journal entries passed to correct the errors are called
- a) Closing entry
 - b) Opening entries
 - c) Adjusting entry
 - d) Rectifying entry
- 147) Errors cancelled by themselves are called
- a) Compensating errors
 - b) Errors of principle
 - c) Errors of omission
 - d) Errors of commission
- 148) Rs 280 received from Roy is credited to his account as Rs 208,this error is called
- a) Compensating errors
 - b) Errors of principle
 - c) Errors of omission
 - d) Errors of commission
- 149) A suspense account is created when the _____ of the trial balance does not agree
- a) Debit side
 - b) Credit side
 - c) Asset side
 - d) balance
- 150) The balance of trading account is called
- a) Balance carried down
 - b) Net profit
 - c) Gross profit
 - d) Suspense account
- 151) Advertisement is a

- a) Revenue expense
 - b) Capital expense
 - c) Day today expense
 - d) Deferred revenue expense
- 152) Direct expenses are debited in the
- a) Balance sheet
 - b) Trial balance
 - c) Profit and loss account
 - d) Trading account
- 153) The stock is valued at
- a) Cost price
 - b) Market price
 - c) Cost price or market price whichever is higher
 - d) Cost price or market price whichever is lower
- 154) Adjusted purchase means
- a) Purchase
 - b) Purchase + opening stock
 - c) Purchase- closing stock
 - d) Closing stock + opening stock
- 155) The main purpose of accounting is to provide financial info to
- a) Shareholder
 - b) Board of directors
 - c) Tax authorities
 - d) All of these
- 156) Which of the following is an operating expenses
- a) Bad debt
 - b) Salary to manager
 - c) Depreciation
 - d) Expired insurance
- 157) Branch stock is always prepared at _____ price
- a) Cost
 - b) Invoice
 - c) Market price
 - d) Cost or market price whichever is less
- 158) Under _____ system branch profit or loss is ascertained by preparing branch accounts
- a) Debtors
 - b) Stock and debtors
 - c) Wholesale
 - d) Final accounts
- 159) Goods sent to branch account is closed by transferring the balance to _____ account
- a) Branch debtors
 - b) Branch stock
 - c) Trading account
 - d) Branch expenses
- 160) Selling expenses should be divided among the different departments on the basis of _____
- a) Sales
 - b) Purchase
 - c) Gross profit
 - d) Net profit
- 161) Building expenses should be divided among the different departments according to the _____ by each departments
- a) Area occupied
 - b) No of employees
 - c) Direct wages
 - d) Direct material
- 162) Balance of trading account is a transfer to

- a) Balance sheet
 - b) Trial balance
 - c) Profit and loss account
 - d) Income statement
- 163) Depreciation on machinery this transaction initially shown on
- a) Trading account
 - b) Profit and loss account
 - c) Balance sheet
 - d) All of these
- 164) The expenses which have been incurred to bring the goods or making the goods ready for sales is called
- a) Administrative expenses
 - b) Direct expenses
 - c) Indirect expenses
 - d) Revenue expenses
- 165) Packing of goods for protecting the goods is debited in the
- a) Balance sheet
 - b) Profit and loss account
 - c) Trading account
 - d) Trial balance
- 166) The balance of profit and loss account is called
- a) Net profit /loss
 - b) Gross profit/ loss
 - c) Working profit / loss
 - d) Petty profit / loss
- 167) Carriage out expenses are come under
- a) Administrative expenses
 - b) Financial expenses
 - c) Manufacturing expenses
 - d) Distribution expenses
- 168) Mines, quarries etc are
- a) Fixed asset
 - b) Fictitious asset
 - c) Current asset
 - d) Wasting asset
- 169) The final accounts , when adjustment entry is passed ,it affects the minimum _____
- a) One account
 - b) Two account
 - c) Three account
 - d) Entire account
- 170) The closing stock will appear in trial balance at the
- a) Debit side
 - b) Asset side
 - c) Credit side
 - d) None of these
- 171) Outstanding salary is shown on
- a) Balance sheet
 - b) Trading account
 - c) Suspense account
 - d) Outstanding account
- 172) If closing stock appear on the trial balance it must have been _____
- a) Added to the purchase
 - b) Added to the opening stock
 - c) Deducted from the purchases
 - d) Deducted from opening stock
- 173) Discount on purchase will be

- a) Debited to profit and loss account
 - b) Credited to profit and loss account
 - c) Deducted from purchases
 - d) Added to purchases
- 174) Resources which are invested in permanent asset are called
- a) Investment
 - b) Working capital
 - c) Block capital
 - d) Intangible capital
- 175) Sales is equal to
- a) Net income + expenses + cost of goods sold
 - b) Gross profit + net income + expenses
 - c) Gross profit + cost of goods sold + direct expenses
 - d) Net income + direct expenses
- 176) The premium paid on the life policy of the proprietor is debited to
- a) Profit and loss account
 - b) Trading account
 - c) Premium account
 - d) Drawing account
- 177) Expenses which have become due during the accounting period for which the final accounts have been prepared but have not yet been paid is called
- a) Accrued
 - b) Outstanding
 - c) Arrears
 - d) Non over dues
- 178) Balance sheet is a _____
- a) Ledger
 - b) Account
 - c) Statement
 - d) Subsidiary book
- 179) Income tax paid for the proprietor from the business is
- a) Debited in the income account
 - b) Debited in the trading account
 - c) Deducted from capital
 - d) Deducted from profit
- 180) In the balance sheet of sole trader business , assets are managed in the order of
- a) Permanency
 - b) Liquidity
 - c) Priority
 - d) Flexibility
- 181) Under _____ system the buyer does not get ownership of goods immediately
- a) Installment
 - b) HP
 - c) Installment and HP
 - d) None of these
- 182) _____ means the price at which the goods can be purchased by the hirer for ready cash
- a) HP price
 - b) Installment price
 - c) Cash price
 - d) Down payment
- 183) _____ is the initial payment made at the time of signing the hire purchase agreement
- a) HP price
 - b) Installment price
 - c) Cash price
 - d) Down payment

- 184) The difference between hire purchase price and the cash price is called _____
- a) Hire charges
 - b) Cost of the asset
 - c) Installment price
 - d) Cash price
- 185) Under _____ system , the buyer gets ownership of goods immediately
- a) Installment
 - b) HP
 - c) Installment and HP
 - d) None of these
- 186) When an asset is acquired on hire purchase system, the asset account is debited with _____ of the assets in the books of the hire purchaser.
- a) Hp price
 - b) Cash price
 - c) Installment price
 - d) None of these
- 187) In order to deal with the re possession the hire vendor operates an account called _____
- a) Asset account
 - b) Goods account
 - c) Goods repossessed account
 - d) None of these
- 188) Under _____ system , the hire vendor has a right to take back the goods
- a) Installment
 - b) HP
 - c) Installment and HP
 - d) None of these
- 189) Single entry system of accounts is maintained by _____
- a) Partnership
 - b) Company
 - c) Sole trader
 - d) None of these
- 190) The statement of profit or loss is prepared according to _____ method to calculate profit or loss under single entry system
- a) Conversion method
 - b) Statement of affairs method
 - c) Conversion and statement of affairs method
 - d) None of these
- 191) Under single entry system , drawings is _____ to know gross profit
- a) Added
 - b) Deducted
 - c) Added and deducted
 - d) None of these
- 192) Receipts and payment account is a summary of _____
- a) Income and expenditure
 - b) Profit and loss
 - c) Cashbook
 - d) Balance sheet
- 193) Excess of income over expenditure of non trading concern is called _____
- a) Profit
 - b) deficit
 - c) Surplus
 - d) Loss

- 194) Income and expenditure account is a type of _____
- a) Balance sheet
 - b) Receipts and payment
 - c) Profit and loss account
 - d) None of these
- 195) The amount of money owed by a business to outsider is called _____
- a) Capital
 - b) Asset
 - c) Liabilities
 - d) None of these
- 196) The properties and possession of a business are termed as _____
- a) Asset
 - b) Capital
 - c) Liabilities
 - d) None of these
- 197) Prepaid expenses appearing in trial balance will appear in _____
- a) Profit and loss account debit side
 - b) Profit and loss account credit side
 - c) Balance sheet asset side
 - d) Balance sheet liability side
- 198) Net profit / loss is transferred to the _____ account
- a) Asset account
 - b) Liabilities account
 - c) Capital account
 - d) None of these
- 199) All _____ expenses are recorded in the trading account
- a) Indirect
 - b) Direct
 - c) Direct and indirect
 - d) None of these
- 200) _____ expenses are shown in the profit and loss account
- a) Indirect
 - b) Direct
 - c) Direct and indirect
 - d) None of these

ANSWERS

Q no	Answer	Q no	Answer	Q no	Answer	Q no	Answer
1	B	51	B	101	A	151	D
2	B	52	A	102	A	152	B
3	D	53	D	103	A	153	D
4	D	54	D	104	A	154	D
5	B	55	A	105	A	155	D
6	B	56	C	106	B	156	B
7	A	57	B	107	A	157	B
8	D	58	B	108	A	158	A
9	D	59	B	109	B	159	C
10	D	60	B	110	B	160	A
11	C	61	A	111	C	161	A
12	A	62	B	112	B	162	C
13	C	63	A	113	C	163	B
14	A	64	B	114	C	164	B
15	B	65	C	115	A	165	C
16	C	66	D	116	D	166	A
17	C	67	A	117	C	167	D
18	B	68	B	118	C	168	D
19	B	69	C	119	B	169	B
20	A	70	D	120	C	170	D
21	A	71	B	121	D	171	A
22	A	72	D	122	B	172	C
23	A	73	A	123	C	173	B
24	C	74	D	124	B	174	C
25	A	75	A	125	B	175	C
26	D	76	B	126	D	176	D
27	B	77	C	127	B	177	B

28	B	78	B	128	A	178	C
29	D	79	B	129	C	179	C
30	B	80	A	130	A	180	B
31	A	81	B	131	C	181	B
32	B	82	B	132	B	182	C
33	C	83	C	133	D	183	A
34	B	84	D	134	A	184	A
35	B	85	A	135	A	185	A
36	B	86	B	136	A	186	B
37	C	87	C	137	C	187	C
38	B	88	A	138	B	188	B
39	B	89	A	139	D	189	C
40	A	90	C	140	B	190	B
41	A	91	A	141	B	191	A
42	A	92	B	142	A	192	C
43	B	93	B	143	D	193	C
44	B	94	A	144	A	194	C
45	D	95	A	145	B	195	C
46	B	96	B	146	D	196	A
47	C	97	D	147	A	197	C
48	B	98	B	148	A	198	C
49	B	99	A	149	D	199	D
50	C	100	A	150	C	200	A

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